

CITY OF CHELAN
Chelan County, Washington
January 1, 1992 Through December 31, 1992

Schedule Of Findings

1. The City Should Strengthen Controls Over Pro-Shop Inventory At The Municipal Golf Course

During our audit, the following deficiencies were noted in the pro-shop inventory system:

- a. The pro-shop failed to take a physical count of the inventory for 1991 and 1992.
- b. The 1993 physical count was not taken by someone independent of the inventory function.
- c. The pro-shop personnel could not provide explanations for differences between the counted quantities on hand and the quantities recorded on inventory records.
- d. The pro-shop personnel gave unauthorized discounts to customers and employees.
- e. We could not verify that all items purchased for resale in 1992 were inventoried and subsequently sold.

These weaknesses increase the risk that inventory will be lost through errors or theft, and that irregularities will not be discovered in a timely manner.

We have noted recurring difficulties at the municipal golf course, and have made recommendations for improvement in prior audits. The city took steps to strengthen controls, but has not adequately monitored these controls to ensure that assets are adequately safeguarded.

We recommend that the city strengthen controls by establishing policies and procedures to ensure that all purchases and sales of pro-shop inventory are properly accounted for.

We further recommend that the city monitor the activities of the golf course to ensure that all controls are operating as designed.